



October 17, 2018

The Honorable Alex Azar  
 Secretary  
 U.S. Department of Health and Human Services  
 200 Independence Avenue, SW  
 Washington, DC 20201

Re: Alabama Section 1115 Demonstration Application

Dear Secretary Azar:

Thank you for the opportunity to submit comments on Alabama's Section 1115 Demonstration Application.

The undersigned organizations represent millions of individuals facing serious, acute and chronic health conditions across the country. Our organizations have a unique perspective on what individuals need to prevent disease, cure illness and manage chronic health conditions. The diversity of our groups and the patients and consumers we represent enables us to draw upon a wealth of knowledge and expertise and serve as an invaluable resource regarding any decisions affecting the Medicaid program and the people that it serves. We urge the Department of Health and Human Services (HHS) to make the best use of the recommendations, knowledge and experience our organizations offer here.

Our organizations are committed to ensuring that Medicaid provides adequate, affordable and accessible healthcare coverage. Unfortunately, several 1115 waiver proposals submitted to and approved by the Centers for Medicare and Medicaid Services (CMS) in recent months have jeopardized patients' access to this coverage.<sup>1</sup> Alabama's proposed waiver similarly threatens access to healthcare by requiring certain people enrolled in the state's Medicaid program to either prove they work 20 to 35 hours per week or meet exemptions. This requirement would apply for parents and caregivers making less than 18 percent of the federal poverty level (approximately \$312 per month for a family of three) and individuals receiving Transitional Medical Assistance, a vulnerable population that cannot afford

additional barriers to healthcare coverage. Based on the state's own data, approximately 14,700 individuals would lose coverage by the fifth year of the demonstration.<sup>ii</sup> These coverages losses would clearly jeopardize access to care for individuals with serious, acute and chronic diseases in Alabama. Our organizations therefore ask HHS to reject this proposal.

One major consequence of the waiver will be to increase the administrative burden on all patients. Increasing administrative requirements will likely decrease the number of individuals with Medicaid coverage, regardless of whether they are exempt or not. Arkansas is currently implementing a similar policy requiring Medicaid enrollees to report their hours worked or their exemption. As of October, four months into implementation, the state has terminated coverage for 8,462 individuals and locked them out of coverage until January 2019.<sup>iii</sup> An additional 12,589 individuals had one or two months of noncompliance and are at risk for losing coverage in the coming months.<sup>iv</sup> In another case, after Washington state changed its renewal process from every twelve months to every six months and instituted new documentation requirements in 2003, approximately 35,000 fewer children were enrolled in the program by the end of 2004.<sup>v</sup> These experiences suggest that the state is likely underestimating the coverage losses that will result from this waiver and the red tape it creates for patients.

Failing to navigate these burdensome administrative requirements could have serious – even life or death – consequences for people with serious, acute and chronic diseases. Individuals will have 90 days to prove their compliance with the requirements or their health coverage will be terminated. People who are in the middle of treatment for a life-threatening disease, rely on regular visits with healthcare providers or must take daily medications to manage their chronic conditions cannot afford a sudden gap in their care.

Our organizations are also concerned that the current exemption criteria may not capture all individuals with, or at risk of, serious and chronic health conditions that prevent them from working. Even exempt enrollees will have to provide documentation of their medical condition validated by a medical professional, creating opportunities for administrative error that could jeopardize their coverage. An analysis of Arkansas's experience implementing similar requirements revealed that the process for reporting exemptions has been complex and has created confusion for enrollees.<sup>vi</sup> No exemption criteria can circumvent this problem and the serious risk to the health of the people we represent.

Administering these requirements will be expensive for Alabama. States such as Michigan, Pennsylvania, Kentucky, Tennessee and Virginia have estimated that setting up the administrative systems to track and verify exemptions and work activities will cost tens of millions of dollars.<sup>vii</sup> These costs would divert resources from Medicaid's core goal – providing health coverage to those without access to care.

If certain beneficiaries comply with the new requirements but no longer meet the eligibility criteria for the state's Medicaid program as a result of their increased earnings, Alabama proposes to provide 18 months of Transitional Medical Assistance. This provision is both a temporary fix and insufficient one, as individuals could still lose coverage if they get caught up in red tape trying to prove their continued compliance. Access to affordable, accessible and adequate health coverage for patients with serious and chronic illnesses therefore remains at risk.

Ultimately, the requirements outlined in this waiver do not further the goals of the Medicaid program or help low-income individuals improve their circumstances without needlessly compromising their access to care. Most people on Medicaid who can work already do so.<sup>viii</sup> A study published in *JAMA Internal*

*Medicine*, looked at the employment status and characteristics of Michigan's Medicaid enrollees.<sup>ix</sup> The study found only about a quarter were unemployed (27.6 percent). Of this 27.6 percent of enrollees, two thirds reported having a chronic physical condition and a quarter reported having a mental or physical condition that interfered with their ability to work. In another report looking at the impact of Medicaid expansion in Ohio, the majority of enrollees reported that that being enrolled in Medicaid made it easier to work or look for work (83.5 percent and 60 percent, respectively).<sup>x</sup> Terminating individuals' Medicaid coverage for non-compliance with these requirements will therefore hurt rather than help people search for and obtain employment.

Our organizations believe that healthcare should be affordable, accessible and adequate. Alabama's Section 1115 Demonstration Application does not meet that standard, and we urge HHS to reject this proposal. Thank you for the opportunity to provide comments.

Sincerely,

American Heart Association  
American Lung Association  
Arthritis Foundation  
Chronic Disease Coalition  
Cystic Fibrosis Foundation  
Epilepsy Foundation  
Family Voices  
Global Healthy Living Foundation  
Hemophilia Federation of America  
Leukemia and Lymphoma Society  
Lutheran Services in America  
NAMI, National Alliance on Mental Illness  
National Hemophilia Foundation  
National Multiple Sclerosis Society  
National Organization for Rare Disorders  
National Patient Advocate Foundation  
March of Dimes  
Susan G. Komen  
United Way Worldwide

CC: The Honorable Seema Verma, Administrator  
Centers for Medicare and Medicaid Services

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<sup>i</sup> American Lung Association, A Coordinated Attack: Reducing Access to Care in State Medicaid Programs, July 2018. Accessed at <http://www.lung.org/assets/documents/become-an-advocate/a-coordinated-attack.pdf>.

<sup>ii</sup> Georgetown University Health Policy Institute Center for Children and Families, The Impact of Alabama's Proposed Medicaid Work Requirement on Low-Income Families with Children, August 2018. Accessed at <https://ccf.georgetown.edu/wp-content/uploads/2018/03/AL-Work-Requirements-update-8-18.pdf>.

<sup>iii</sup> Arkansas Department of Health and Human Services, Arkansas Works Program, August 2018. Accessed at: [https://ccf.georgetown.edu/wp-content/uploads/2018/09/091218\\_AWReport\\_Final.pdf](https://ccf.georgetown.edu/wp-content/uploads/2018/09/091218_AWReport_Final.pdf); Arkansas Department of Health and Human Services, Arkansas Works Program, September 2018. Accessed at: <https://m.arktimes.com/media/pdf/9.18 - aw work requirements report.pdf>.

<sup>iv</sup> Arkansas Department of Health and Human Services, Arkansas Works Program, September 2018. Accessed at: <https://m.arktimes.com/media/pdf/9.18 - aw work requirements report.pdf>.

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- <sup>v</sup> Tricia Brooks, “Data Reporting to Assess Enrollment and Retention in Medicaid and SCHIP,” Georgetown University Health Policy Institute Center for Children and Families, January 2009.
- <sup>vi</sup> MaryBeth Musumeci, Robin Rudowitz and Cornelia Hall, “An Early Look at Implementation of Medicaid AWork Requirments in Arkansas,” Kaiser Family Foundation, October 8, 2018, [https://www.kff.org/medicaid/issue-brief/an-early-look-at-implementation-of-medicaid-work-requirements-in-arkansas/?utm\\_campaign=KFF-2018-October-Medicaid-Arkansas-Work-Requirements](https://www.kff.org/medicaid/issue-brief/an-early-look-at-implementation-of-medicaid-work-requirements-in-arkansas/?utm_campaign=KFF-2018-October-Medicaid-Arkansas-Work-Requirements).
- <sup>vii</sup> Michigan House Fiscal Agency, Legislative Analysis of Healthy Michigan Plan Work Requirements and Premium Payment Requirements, June 6, 2018, <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0897-5CEEF80A.pdf>; House Committee on Appropriations, Fiscal Note for HB 2138, April 16, 2018, <http://www.legis.state.pa.us/WU01/LI/BI/FN/2017/0/HB2138P3328.pdf>; Misty Williams, “Medicaid Changes Require Tens of Millions in Upfront Costs,” Roll Call, February 26, 2018, <https://www.rollcall.com/news/politics/medicaid-kentucky>.
- <sup>viii</sup> Rachel Garfield, Robin Rudowitz, and Anthony Damico, “Understanding the Intersection of Medicaid and Work,” Kaiser Family Foundation, February 2017, <http://kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/>.
- <sup>ix</sup> Renuka Tipirneni, Susan D. Goold, John Z. Ayanian. Employment Status and Health Characteristics of Adults With Expanded Medicaid Coverage in Michigan. *JAMA Intern Med*. Published online December 11, 2017. doi:10.1001/jamainternmed.2017.7055
- <sup>x</sup> Ohio Department of Medicaid, 2018 Ohio Medicaid Group VII Assessment: Follow-Up to the 2016 Ohio Medicaid Group VIII Assessment, August 2018. Accessed at: <http://medicaid.ohio.gov/Portals/0/Resources/Reports/Annual/Group-VIII-Final-Report.pdf>